

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 150545Z AUG 75
FM AMCONSUL PORT MORESBY
TO USDOC WASHDC
INFO SECSTATE WASHDC 779
AMEMBASSY CANBERRA
AMEMBASSY TOKYO
AMEMBASSY JAKARTA

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PASS MAJOR EXPORT PROJECTS DIVISION

E.O. 11652: NA
TAGS: BEXP ENRG PP
SUBJ: GPNG REQUESTS USDOC ADVICE ON PURARI HYDROELECTRIC
SCHEME

REF: A. PORT MORESBY 727; B. STATE 104967

1. GPNG OFFICIALS INVOLVED WITH PURARI HYDROELECTRIC SHCEME
ARE NOW INVOLVED IN DRAWING UP LIST OF INDUSTRIES WHICH ARE
LARGE ENERGY USERS AND WOULD BE ECONOMICALLY VIABLE IN
CONNECTION WITH THIS VERY LARGE PROJECT. DFRT HAS REQUESTED
CONGEN TO QUERY USDOC FOR SUGGESTIONS ABOUT SUCH INDUSTRIES.

2. GPNG OFFICIAL TOLD E/C OFFICER THAT GOVERNMENT HAD
RECEIVED 240 PAGE FEASIBILITY STUDY FROM JAPANESE INVOLVED
IN PROJECT WHICH OUTLINED COMPLETE INDUSTRIAL COMPLEX TO
UTILIZE THE 1300 MEGAWATTS GENERATED AT WABO. AFTER CONSIDER-
ING THE STUDY, GOVERNMENT HAS DECIDED IT DOES NOT WISH TO
BE LOCKED INTO A SCHEME TOTALLY DOMINATED BY JAPANESE
INTERESTS. SEVERAL OTHER GOVERNMENTS ALONG WITH USG ARE BEING
APPROACHED TO SEE IF ATTRACTIVE ALTERNATIVES ARE AVAILABLE.

3. ALL INVOLVED AGREE THAT MAJOR USER FOR APPROXIMATELY 1000
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MEGAWATTS WILL BE ALUMINUM SMELTER. KILOWATT COSTS PER HOUR

WILL BE KEPT WITHIN 7-10 MILL (U.S.) RANGE WHICH OFFICIALS BELIEVE IS HIGHLY COMPETITIVE PRICE. BESIDES ALUMINUM SMELTING, OTHER INDUSTRIES PROPOSED IN JAPANESE REPORT WERE FERRO-ALLOY PRODUCTS, FERRO-NICKEL, INTEGRATED STEEL MILL, CAUSTIC SODA AND ETHELEN DICHLORIDE PRODUCTION, COPPER AND ZINC REFINING, SILICON CARBIDE PRODUCTION, AND IF COMMERCIALLY EXPLOITABLE GAS IS FOUND IN THE GULF OF PAPUA, LNG AND CHEMICAL FERTILIZER PRODUCTION.

4. GPNG WOULD LIKE USDOC ADVICE AS TO OTHER INDUSTRIAL POSSIBILITIES WHICH IT COULD USEFULLY CONSIDER AND NAMES OF U.S. FIRMS INTERESTED IN POSSIBLE INVESTMENT UTILIZING THE WABO POWER. CONGEN WOULD APPRECIATE MAJOR PROJECTS DRAWING UP LIST TO SUPPLEMENT SUGGESTIONS OFFERED BY JAPANESE AND ALSO NAMES OF POTENTIAL U.S. FIRMS, ESPECIALLY ALUMINUM FIRMS, WHICH MIGHT CONSIDER AN INVESTMENT IN PNG. THE JAPANESE ESTIMATED 1974 COSTS OF CONSTRUCTING AN ALUMINUM REFINERY AT U.S.\$360 MILLION. POWER WILL NOT BE AVAILABLE BEFORE 1984/85 AND THE GPNG HOPES INDUSTRIAL CONSTRUCTION BY ENERGY-USERS WILL BEGIN ABOUT 1982. THUS CONSTRUCTION COSTS WILL HAVE CONSIDERABLY INCREASED BY THEN.

5. THE GPNG HAS REQUESTED AN "INDICATION OF INTEREST" BY SEPTEMBER 30, 1975, BECAUSE THE PRESENT TIMETABLE FOR THE PORT FEASIBILITY STUDY REQUIRES INDUSTRIAL INPUT DATA BY EARLY 1976. IT IS ASKING FOR SUBMISSION OF "INDUSTRIAL MIX" NO LATER THAN FEBRUARY 29, 1976. GPNG WOULD WELCOME SUBMISSIONS ON A GOVERNMENT TO GOVERNMENT BASIS, ON A CONSORTIUM BASIS, OR FROM INDIVIDUAL FIRMS WHICH MAY ULTIMATELY JOIN A CONSORTIUM TO UTILISE THE POWER FROM WABO, THE FIRST INSTALLATION TO BE CONSTRUCTED.

6. THE PRELIMINARY FEASIBILITY STUDY IS DUE AT THE BEGINNING OF 1977 AND THE FINAL AT THE END OF THE YEAR. START-UP IS EXPECTED IN EARLY 1978. PER STATE REFTTEL, ONLY FEASIBILITY STUDY IS BEING FINANCED BY GPNG, AUSTRALIANS AND JAPANESE. THE GPNG CONSIDERS ITSELF IN NO WAY LOCKED INTO CONSTRUCTION OF WABO DAM COMPLEX BY JAPANESE AND AUSTRALIAN FIRMS. OFFICIAL HERE SAID HE EXPECTED MONEY WOULD BE RAISED THROUGH INTERNATIONAL LENDING INSTITUTIONS AND ALL CONSTRUCTION LIMITED OFFICIAL USE

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OPEN TO COMPETITIVE BIDS. HE PARTICULARLY EMPHASIZED U.S. FIRMS WOULD BE ON EQUAL FOOTING WITH ALL OTHER COMPETITORS AND MOST WELCOME.

7. FOR DIRECT CONTACT WITH THE WORKING GROUP, FIRMS SHOULD CONTACT: PURARI COORDINATION SECTION, OFFICE OF MINERALS AND ENERGY, P.O. BOX 2352, KONE DOBU, PAPUA NEW GUINEA. OLMSTED

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